

~~SECRET NOFORN~~NIO/EUR
14 October 1986THE STATE OF THE ALLIANCE AFTER REYKJAVIK

From the perspective of Alliance harmony, the Reykjavik non-summit had the worst possible outcome: public expectations in Europe were raised for a sweeping arms accord, only to be dashed by perceived US intransigence over SDI. Moreover, the very scope of the proposals under discussion will tend to vindicate the positions of opposition parties who have called for deep arms reductions -- and undercut government leaders who have dismissed those positions as incompatible with a credible NATO defense.

The depth and durability of the impact among our West European allies will depend on our ability to persuade them that:

- It was Soviet intransigence on SDI, not ours, that caused the talks to break down;
- It was Allied solidarity on INF, SDI, and other matters that brought the Soviets to a serious negotiating posture in the first place;
- The progress made toward arms reduction can be built upon if the Soviets are prepared to resume serious discussions; and
- SDI serves European security interests as well as ours.

So far, Allied governments (with the partial exception of the West German) have kept closed ranks behind the US position. The real test will come when the full force of popular frustrations, fueled by the socialist parties in opposition, becomes manifest.

- The Labor Party in the UK -- already in the process of opening a Pandora's box of latent anti-Americanism -- will seize the opportunity to go on the offensive with its unilateralist prescriptions. And Mrs. Thatcher's ability to fend off her critics will be complicated by her personal unpopularity and her outspoken support for the President's steadfastness at Reykjavik.
- The West German SPD, along with the Greens and perhaps even the Chancellor's FDP coalition partners, will also press for a public debate over security issues -- a debate Kohl had been hoping to avert in the runup to the January elections. With economic and social issues favoring the Chancellor's reelection, the SPD is likely to seize on security policy as its point of maximum advantage.

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Soviet behavior over the coming weeks will be a crucial factor, particularly as regards the FRG. Around mid-summer the Soviets abandoned their harsh criticism of Chancellor Kohl in favor of a new, softer line designed to exploit Kohl's electoral sensitivities and urge him to exert pressure on the US. Indeed, many observers, including our ambassadors in Bonn and East Berlin, believe that the Soviets may be considering a bold new "peace initiative": a vague verbal endorsement of eventual German reunification, perhaps, or a new initiative on Berlin.

- Soviet approaches toward Germany over the coming weeks may be a harbinger of Soviet intentions more generally. An elaboration of the conciliatory line would indicate continued Soviet interest in arms negotiations; a reversion to the anti-German rhetoric of a few months ago could signal Soviet intransigence on arms negotiations, at least for the time being.

In light of all this, Kohl's visit to the US next week becomes much more important and problematic than anyone foresaw when it was scheduled. Electoral considerations and mounting public pressure will dictate that he be seen as champion of "die Deutsche Interesse" (German interests), even to the point of embracing popular causes that he may not share. Helping him to convey this public image to the West German electorate without caving in on issues of substance will be no easy task.

A final consequence of Reykjavik is that SDI, formerly seen among West European publics as a distant abstraction, has now become something actual and immediate. The President's unmistakable commitment to SDI may spur a more serious commitment to the program among Allied governments and defense industries. Among the socialist parties and wide segments of West European public opinion, however, our commitment to SDI will be seen as a fanciful aspiration that has caused us to miss an historic opportunity toward arms reduction. Countering those perceptions will be the immediate challenge in our relations with the European allies.

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